

State Board Of Accounts

SCHOOL BUDGET WORKSHOP
June 16, 2010
MSD Lawrence Township
Indianapolis



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SBA Resources Available

Accounting and Uniform Compliance Guideline Manual For Extra-Curricular Accounts (ECA Manual) <http://www.in.gov/sboa/3270.htm>

Accounting and Uniform Compliance Guideline Manual For Indiana Public School Corporations (School Manual) <http://www.in.gov/sboa/2821.htm>

The School Administrator and Uniform Compliance Guidelines (School Administrator) <http://www.in.gov/sboa/2406.htm>

Form Approval Process

•The use of computerized systems provide for an easier process of electronic submission and approval. Accordingly, please submit all future form approval requests electronically by e-mail for consideration. You should include the request on letterhead which shows the name of the school corporation or school, address, treasurer or business official's name submitting, etc. along with the forms requested for approval.

•The school or school corporation submitting the request will receive a reply by e-mail. **Any changes required on forms submitted will be noted in red ink, scanned and a copy provided in the return e-mail.**

•Please send all electronic form approval requests to bfancher@sboa.in.gov. Please ensure the e-mail subject line reads exactly **Form Approval 2010 (make sure you only use one space between form and approval and 2010).**

•Forms approval requests not submitted electronically, will also receive an e-mail reply.

•Any school or school corporation desiring to receive a stamped printed copy form approval (whether submitting the form approval request electronically or by mail) may receive a stamped printed copy by return mail by forwarding a self-addressed stamped envelope.

AUDIT COSTS

•Procedure for accounting for school corporation audit costs.

•HEA 1001-2008 removed the school general fund tax levy from the property tax rolls beginning in 2009.

•IC 5-11-4-3 (b) states in part: "... Immediately upon receipt of the certified statement, the county auditor shall issue a warrant on the county treasurer payable to the treasurer of state out of the general fund of the county for the amount stated in the certificate. The county auditor shall reimburse the county general fund, except for the expense of examination and investigation of county offices, out of the money due the taxing units at the next semiannual settlement of the collection of taxes."

•Counties shall continue to forward examination of record payments to the Treasurer of State for school corporation audits and examinations when billed by the State Board of Accounts.

•A school corporation may direct the county auditor to reduce the distributions of a specific fund or multiple funds that continue to have property tax levies for the examination of records expense.

PROPERTY TAX REPLACEMENT CREDIT (PTRC)

We have discussed the situation with the Department of Education and Department of Local Government Finance and have created Fund 3955, Excess PTRC Distribution to which all excess PTRC distributions should be receipted using receipt account 3990. We are of the audit position school corporations should transfer distributions receipted elsewhere during the current calendar year to fund 3955 by using 60100 and 5200 Transfers From One Fund to Another.

Access To Public Records

•We have received inquiries concerning who has the responsibility regarding access and retention of public records such as when a bank/payroll vendor will be serving as an agent for an Indiana governmental unit.

•An example would be a bank only offers to provide on line access to cancelled checks.

•Indiana Commission on Public Records:

"The bank/vendor would thus be required to maintain the checks, bank statements, payroll records, etc. for the same period as the agency. The bank/vendor may well hold the information, but the obligation remains with the agency to provide access upon request, not the bank or vendor. The agency further has the obligation to provide access to the materials throughout the required retention. In the case of cancelled checks/warrants they are currently required to be maintained for 6 (six) years after the completion of the State Board of Accounts Audit. Payroll records are dependent upon the type."

Textbook Rentals

IC 20-26-12-2

Purchase and rental; rental fee; limitations

(a) A governing body may purchase from a contracting publisher, at a price equal to or less than the net contract price, any textbook adopted by the state board and selected by the proper local officials. The governing body may rent these textbooks to students enrolled in any public or nonpublic school that is:

(1) in compliance with the minimum certification standards of the state board; and

(2) located within the attendance unit served by the governing body.

The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the textbooks.

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<http://www.doe.in.gov/olt/docs/TextbookFAQsFinal090309.pdf>

American Recovery And Reinvestment Act (ARRA)(Stimulus) Of 2009 Interest Income

IC 5-13-9-6 states in part" (a) All interest derived from an investment by a political subdivision or by any other local public officer . . . shall be deposited, except as otherwise provided by law, in the general fund of the investment authority or in any other fund its governing body designates specifically or by rule, subject to the modifications and limitation in this section. (b) Interest from the following investments shall be receipted as follows: (1) Interest from investments of funds of a political subdivision that are traceable to United States government funds must be receipted to the fund of which they are a part, if required by federal law or regulation. (2) Interest from investments of funds controlled by court orders must be receipted to that fund unless otherwise designated by the court order." Therefore, we are of the audit position interest for ARRA funds should be receipted to the appropriate stimulus fund in the chart of accounts starting at fund 7950. Funds earning interest in a checking, now accounts, joint investment etc., should be proportionately considered and an approximate amount should be either receipted directly or transferred to the appropriated stimulus fund.

School Lunch Verifications

•Example Audit Result and Comment:

A 3% verification of the approved free and reduced applications was performed by the School Corporation. However, 17% of the verified applications did not meet the guideline criteria.

•7 CFR 2456a states in part:

"(j) Adverse action. If verification activities fail to confirm eligibility for free or reduced price benefits or should the household fail to cooperate with verification efforts, the school or local educational agency shall reduce or terminate benefits, as applicable, as follows: Ten days advance notification shall be provided to households that are to receive a reduction or termination of benefits, prior to the actual reduction or termination. The first Day of the 10 day advance notice period shall be the day the notice is sent. The notice shall advise the household of (1) the change; (2) The reasons for the change; (3) Notification of the right to appeal and when the appeal must be filed to ensure continued benefits while awaiting a hearing and decision; (4) Instructions on how to appeal; and (5) The right to reapply at any time during the school year. The reasons for ineligibility shall be properly documented and retained on file at the local educational agency."

Early Retirement Buyout Plans

The State Board of Accounts is of the audit position school corporations should be in compliance with IC 20-42-4-1 which states "This chapter applies to a school corporation that: (1) after June 30, 2001, establishes a retirement or severance plan that will require the school corporation to pay postretirement or severance benefits to employees of the school corporation; or (2) includes in a collective bargaining agreement or other contract entered into after June 30, 2001, a provision to increase: (A) the benefit; or (B) the unfunded liability, under a retirement or severance provision that will require the school corporation to pay postretirement or severance benefits to employees of the school corporation." And IC 20-42-4-2 which states "(a) A school corporation must fund on an actuarially sound basis the postretirement or severance benefits that will be paid to employees under a plan, an agreement, or a contract described in section 1(1) of this chapter or an increase described in section 1(2) of this chapter. (b) A school corporation must place the assets used to fund on an actuarially sound basis the postretirement or severance benefits in a separate fund or account, and the school corporation may not commingle the assets in the separate fund or account with any other assets of the school corporation."

Public Laws

PUBLIC LAW 30 - SENATE ENROLLED ACT 252 - EFFECTIVE JULY 1, 2010. TRANSFER TUITION

Amends IC 20-26-11-6 to provide in part (b) A transfer may be accepted regardless of whether, as a condition of the transfer, the transferee school requires the requesting parents or student to pay transfer tuition in an amount determined under the formula established in section 13 of this chapter for the payment of transfer tuition by a transferor school corporation. However, if the transferee school elects to charge transfer tuition, the transferee school may not offset the amounts described in section 13(b) STEP TWO (B) through section 13(b) STEP TWO (D) of this chapter from the amount charged to the requesting parents or student. (c) When the transferee school elects to charge tuition to the requesting parents or student, the tuition determined under subsection (b) must be paid by the parents or the student before the end of the school year in installments as determined by the transferee corporation. (d) Failure to pay a tuition installment that is agreed to by the parents or student and the transferee school corporation is a ground for exclusion from school. (e) If the transferee school elects not to charge transfer tuition to the parents or student under this section, the transferee school may not charge transfer tuition or fees to the transferor school.

Public Laws

PUBLIC LAW 109 - HOUSE ENROLLED ACT 1367 - EFFECTIVE VARIOUS DATES. SCHOOL FUND TRANSFERS

Adds IC 20-40-16 concerning potential transfers between funds. The State Board of Accounts is of the audit position school corporations should use receipt account number 5214 Public Law 109 - 2010 Transfers and expenditure account number 60114 Public Law 109 - 2010 Transfers.

Public Laws

PUBLIC LAW 115 - HOUSE ENROLLED ACT 1336 - EFFECTIVE VARIOUS DATES. PUBLIC INVESTMENT LAW Board of Finance

Amends IC 5-13-7-5 to remove the provision regarding a school corporation determining if an annual board of finance meeting is needed .

Municipal Securities

Amends IC 5-13-9-2 to provide (a) Each officer designated in section 1 of this chapter may invest or reinvest any funds that are held by the officer and available for investment in any of the following: . . . (3) Municipal securities issued by an Indiana local governmental entity, a quasi-governmental entity related to the state, or a unit of government, municipal corporation, or special taxing district in Indiana, if the issuer has not defaulted on any of the issuer's obligations within the twenty (20) years preceding the date of the purchase.

Public Laws

PUBLIC LAW 115 - HOUSE ENROLLED ACT 1336 - EFFECTIVE VARIOUS DATES. PUBLIC INVESTMENT LAW (Continued) Money Market Mutual Funds

Amends IC 5-13-9-2.5 to eliminate the fifty percent (50%) limitation concerning investments in certain money market mutual funds which used to provide in part (b) The investments described in subsection (a) may not exceed fifty percent (50%) of the funds held by the officer and available for investment.

Public Laws

PUBLIC LAW 115 - HOUSE ENROLLED ACT 1336 - EFFECTIVE VARIOUS DATES. PUBLIC INVESTMENT LAW (Continued)

CD Quotes

Amends IC 5-13-9-4 concerning procedures to obtain quotes on certificates of deposits to now provide in part (b): The investing officer making a deposit in a certificate of deposit shall obtain quotes of the specific rates of interest for the term of that certificate of deposit that each designated depository will pay on the certificate of deposit. Quotes may be solicited and taken by telephone. A memorandum of all quotes solicited and taken shall be retained by the investing officer as a public record of the political subdivision under IC 5-14-3. If the deposit is not placed in the designated depository quoting the highest rate of interest the investing officer shall: (1) place the deposit in the depository quoting the second or third highest rate of interest; and (2) note the reason for placing the deposit on the memorandum of quotes.

Amends IC 5-13-9-5 concerning quote procedures under the section, changing (c) If a deposit is not placed in the designated depository quoting the highest rate of interest, the investing officer shall follow the procedures and priority for placing deposits that are set forth in section 4 of this chapter and note the reason for placing the deposit on the memorandum of quotes.

Public Laws

PUBLIC LAW 115 - HOUSE ENROLLED ACT 1336 - EFFECTIVE VARIOUS DATES. PUBLIC INVESTMENT LAW (Continued)

CD's Selected Depositories

Adds IC 5-13-9-5.3 to provide in part (a) In addition to the authority to invest in certificates of deposit under section 5 of this chapter, and notwithstanding any other law, . . . the fiscal body of each political subdivision . . . may by . . . resolution authorize the investing officer . . . to invest public funds in certificates of deposit in accordance with the following conditions: (1) The funds are initially invested through a depository that is selected by the investing officer. (2) The selected depository arranges for the deposit of the funds in certificates of deposit in one (1) or more federally insured banks or savings and loan associations, wherever located, for the account of the . . . political subdivision. (3) The full amount of the principal and any accrued interest of each certificate of deposit are covered by insurance of any federal deposit insurance agency. (4) The selected depository acts as a custodian for the . . . political subdivision with respect to the certificates of deposit issued for its account. (5) At the same time that the . . . political subdivision's funds are deposited and the certificates of deposit are issued, the selected depository receives an amount of deposits covered by insurance of any federal deposit insurance agency from customers of other institutions, wherever located, at least equal to the amount of the funds invested by the . . . political subdivision through the selected depository. (b) Public funds invested in accordance with subsection (a) are not subject to any security or pledging requirements that may otherwise be applicable to the deposit or investment of public funds.

Public Laws

Other Public Laws
